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C. REMARKS

Status of the Claims

Claims 1-2, 4-6, 8-9, 11-15, and 17-19 are currently present in the Application, and claims 1, 8, and 14 are independent claims. No claims have been amended, added, or cancelled in this Response.

Examiner Interview

Applicants wish to thank the Examiner for the courtesy extended to Applicants' attorney during the telephone interview on Thursday, October 6. During the interview, Applicants' attorney noted that it does not appear to be proper to use "non-functional descriptive material" as a basis for rejecting Applicants' claims under 35 U.S.C. § 103. Applicants' attorney further noted that the art cited by the Examiner (i.e. Wheeler, as discussed in detail below) does not suggest Applicants' claim elements, and, indeed, has nothing to do with Applicants' invention. No agreement was reached, but the Examiner agreed to review Applicants' arguments and to call Applicants' attorney if further discussion would be helpful.

Drawings

Applicants note with appreciation the Examiner's acceptance of Applicants' formal drawings, filed with the Application on January 8, 2002.

Claim Rejections - Alleged Obviousness Under 35 U.S.C. § 103

Claims 1-2, 4-6, 8-9, 11-15, and 17-19 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Wheeler et al., U.S. Patent Publication No. 2003/0177361 (hereinafter Wheeler). Applicants respectfully traverse the rejections under 35 U.S.C. § 103.

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Applicants teach and claim a method, system, and computer program product for tracking and logging receipts and maintaining an audit trail during a resource reduction. In contrast, Wheeler purports to teach a method for digitally signing an electronic contract (see Abstract). Wheeler does not appear to have anything to do with a resource reduction. With regard to Applicants' independent claims, the Examiner cites several portions of Wheeler, including paragraphs 103, 104, and 106 (see Office Action, page 2, lines 1-7). However, the cited portions of Wheeler have to do with using public and private keys to securely manage an electronic purchase order. Using claim 1 as an exemplary claim, Applicants respectfully submit that Wheeler does not teach or suggest any of the elements of Applicants' independent claims, listed below as follows (emphasis added):

- receiving a **surplus reduction action** from a user, wherein **the user is an employee** and wherein **the surplus reduction action includes a surplus acknowledgment**;
- identifying a **user identifier** corresponding to the user;
- **storing the user identifier and data corresponding to the surplus reduction action** in a nonvolatile storage area; and
- **providing benefits data** to the employee in response to receiving the employee's surplus acknowledgement

The Examiner admits that Wheeler does not expressly show any of Applicants' claimed elements (see Office Action, page 2, line 8 through page 3, line 6). However, the Examiner asserts that many of Applicants' claim elements are not relevant as they are merely "non-functional descriptive material." Applicants strongly disagree and respectfully submit that the Examiner is

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not using the correct definition of non-functional descriptive material.

The section of the Manual of Patent Examining Procedure that discusses non-functional descriptive material reads as follows (MPEP § 2106(IV)(B)(1)(b), emphasis added):

Descriptive material that cannot exhibit any functional interrelationship with the way in which computing processes are performed does not constitute a statutory process, machine, manufacture or composition of matter and should be rejected under 35 U.S.C. 101. Thus, Office personnel should consider the claimed invention as a whole to determine whether the necessary functional interrelationship is provided.

Where certain types of descriptive material, such as music, literature, art, photographs and mere arrangements or compilations of facts or data, are merely stored so as to be read or outputted by a computer without creating any functional interrelationship, either as part of the stored data or as part of the computing processes performed by the computer, then such descriptive material alone does not impart functionality either to the data as so structured, or to the computer. Such "descriptive material" is not a process, machine, manufacture or composition of matter. (Data consists of facts, which become information when they are seen in context and convey meaning to people. Computers process data without any understanding of what that data represents. Computer Dictionary 210 (Microsoft Press, 2d ed. 1994).)

The policy that precludes the patenting of nonfunctional descriptive material would be easily frustrated if the same descriptive material could be patented when claimed as an article of manufacture. For example, music is commonly sold to consumers in the format of a compact disc. In such cases, the known compact disc acts as nothing more than a carrier for nonfunctional descriptive material. The purely nonfunctional descriptive material cannot alone provide the practical application for the manufacture.

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Office personnel should be prudent in applying the foregoing guidance. Nonfunctional descriptive material may be claimed in combination with other functional descriptive multi-media material on a computer-readable medium to provide the necessary functional and structural interrelationship to satisfy the requirements of 35 U.S.C. 101. The presence of the claimed nonfunctional descriptive material is not necessarily determinative of nonstatutory subject matter. For example, a computer that recognizes a particular grouping of musical notes read from memory and upon recognizing that particular sequence, causes another defined series of notes to be played, defines a functional interrelationship among that data and the computing processes performed when utilizing that data, and as such is statutory because it implements a statutory process.

Appellant's "claimed invention as a whole" is clearly statutory under 35 U.S.C. § 101. Rejections based on non-statutory descriptive material are typically used to prevent claims for music, literary works, etc. Material that is not patentable, such as a song, can not become patentable merely because it is stored, for example, on a compact disk. However, once a claim is deemed to be statutory, the Examiner can not ignore elements of the claim by asserting that they are "non-functional descriptive material." This is shown by the example given in the MPEP section cited above. Although a sequence of notes is not patentable on its own, a computer program that recognizes a sequence of notes and then causes another sequence of notes to be played, is patentable. Assuming, as an example and solely for the sake of argument, that the "surplus reduction action" or the "benefits data" claimed by Applicants would not be patentable on their own, once they become integral parts of a statutory claim, they can not be ignored.

According to the Manual of Patent Examining Procedure § 2143.03 (emphasis added), "[t]o establish *prima facie*

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obviousness of a claimed invention, **all the claim limitations** must be taught or suggested by the prior art," (citing *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974)). This section further provides that "[a]ll words in a claim must be considered in judging the patentability of that claim against the prior art," (citing *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970)). Applicants assert that all the claim limitations, including the limitations pertaining to a "surplus reduction action," an "employee," a "surplus acknowledgement," a "user identifier," and "benefits data" must be considered when determining whether the claims are non-obvious in view of the prior art.

Furthermore, Applicants firmly believe that the surplus reduction action, the employee, the surplus acknowledgement, the user identifier, and the benefits data claimed by Applicants are **not** non-functional descriptive material, but rather are a necessary part of the functional and structural relationship claimed in claims 1, 8, and 14. As claimed, the surplus reduction action describes exactly what is received from a user. The user is an employee, and the surplus reduction action includes a surplus acknowledgement. Each user has a user identifier, which is stored along with data corresponding to the surplus reduction action. Benefits data is then provided to the employee. These elements are an integral part of Applicants' claims, and define the metes and bounds of Applicants' claimed invention.

The prior art simply does not teach or suggest the elements claimed by Applicants in independent claims 1, 8, and 14. For example, the purchase order disclosed in Wheeler is not analogous to the surplus reduction action or the surplus

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acknowledgement that is taught and claimed by Applicants. Providing an invoice in response to receiving a purchase order is not analogous to providing benefits data to an employee. Wheeler has absolutely nothing to do with tracking surplus reduction actions, as taught and claimed by Applicants, and therefore, can not be used to support an obviousness rejection of Applicants' claimed invention.

For the reasons set forth above, Applicants respectfully submit that independent claims 1, 8, and 14, and the claims which depend from them, are patentable over Wheeler, and respectfully request that they be allowed.

Conclusion

As a result of the foregoing, it is asserted by Applicants that the remaining claims in the Application are in condition for allowance, and Applicants respectfully request an early allowance of such claims.

Applicants respectfully request that the Examiner contact the Applicants' attorney listed below if the Examiner believes that such a discussion would be helpful in resolving any remaining questions or issues related to this Application.

Respectfully submitted,

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